

Part 3, Remarks:

REMARKS

Reconsideration of this case is respectfully requested in view of the Amendments to the claims in Section 2 above and the Remarks set forth below.

5 Withdrawal of the Final Rejection is Requested:

Applicants request the Final Rejection be withdrawn. Gardnier was not a reference and should not have been used in the July 5, 2007 rejection. Rather than find a replacement and reset the time period, the May 7, 2008 rejection replaced Gardnier with FSM, made a new ground of rejection, and made that new ground Final even though Applicants had not had an opportunity to 10 consider it the first time. There were no amendments that required dumping Gardnier for FSM. Gardnier was post-dated Applicants' filing date and should not have been cited.

The actions of the Office amount to a denial of due process and inappropriate use of discretion. Withdrawal of the Final is requested so that Applicants get full consideration of this Response, rather than the "back-to-the-wall" procedure of responding to a Final Rejection in 15 which 3 new references are cited for the first time and the Rejection views the references in a new light. In addition, two new secondary references, Black and Agrawal, have been cited for the first time. The Final does not give Applicants a fair shot at responding to complex substantive issues.

Status of Claims as a Result of this Amendment:

20 Claims 1 – 126 have been presented and paid-for in this case. Claims 47 – 125 were withdrawn as a result of the Restriction Requirement. Pursuant to the Telephone Interview, some of the formerly Withdrawn claims have been amended to make them dependant from allowable claim 21. Those are claims 47 – 52, 55 - 69, 71 – 77, 79 – 81, 83 – 85 and 87 – 91. They modify method steps c), e) and f) of main claim 21, as specifically recited in the preamble of claims 47, 25 60, 79, 80 and 85. No new matter has been added by making those claims dependent from main claim 21, as is evident from the Specification, Drawings and Claims as originally filed. Note the antecedent basis for language in the amended, formerly Withdrawn claims, is in main claim 21.

As a result of this Amendment, claims pending in this case are: 2 – 4, 6 – 19, 21 – 34, 36 – 52, 55 – 69, 71 – 77, 79 – 81, 83 – 85, 87 - 91 and 126. leaving 81 claims in the case. All other 30 claims have been cancelled.

Pursuant to the indication of allowability set forth on pages 23 and 24 of the Detailed Action section of the Office Action of May 7, claims 1, 20 and 21 have been combined, by

amendment to claim 21. Note that the subject matter of claim 20 is now the last clause of main independent claim 21, sub-part a), and the subject matter of claim 1 is the remaining amendatory language added to claim 21. The former text of claim 21 is now sub-parts i) and ii) of part c) of the independent main claim 21.

5 Applicants have also amended dependent claim 3 to more clearly specify that the individual investor performance is evaluated over at least one determined period of time of at least 30, 60 and 90 days. This is not new matter as being clearly disclosed in the application and claims as originally filed.

10 Applicants have amended claim 42 to more clearly specify the reports called for as being analytical reports. The amendatory language is drawn from allowable claim 25. This renders moot the Section 112 rejection of that claim, and defendant claims 43 – 45.

15 In addition, claims 1, 5, 20 and 35 have been canceled, reducing the number of claims. Claims 1 and 20 are combined into claim 21, and claim 5 and 35 were redundant or inapposite to the form of the main claim as now amended.

15 Claims 2, 3, 7 and 126 were amended to be dependent from allowable claim 21. Thus, claims 2, 4, 6 – 19, 32 – 34, 36 – 46 and 126 are dependant from allowable claim 21 and are thus also allowable.

20 With respect to the formerly Withdrawn claims, 47 – 125, by amendment to claims 47, 60, 79, 80 and 85, they have been made dependant from allowable claim 21 (as amended). The formerly Withdrawn claims now in the case and directly or indirectly dependant from main allowable claim 21 are: 47 – 52, 55 – 69, 71 – 77, 79 – 81, 83 – 85, and 87 – 91. The formerly Withdrawn claims 53, 54, 70, 82, 86 and 92 – 125 (29 claims) have been cancelled to move this case to immediate allowance, without prejudice to filing one or more Divisional applications to the subject matter of those claims.

25 Accordingly, the presented, as amended, Claims 2 – 4, 6 – 19, 21 – 34, 36 – 52, 55 – 69, 71 – 77, 79 – 81, 83 – 85, 87 - 91 and 126 are clearly allowable, and favorable action is urged.

30 This case has been pending **over 8 years**, and has been through several examiners. Applicants have determined that, solely as a business and financial matter, even though the rejections of claims 1 – 19, 31- 46 and 126 are deemed by them to be in error, it is prudent to not hold up the issuance of the claims presently indicated to be allowable.

Accordingly, Applicants wish the record to be clear that they have absolutely no intention to abandon any of the subject matter of the claims 92 – 125, nor for that matter,

claims of the scope of claims 1 – 19, 32 – 46 and 126. Those issues will be addressed in one or more Divisional cases to be filed before the issuance of this application as a patent.

No new matter has been added in the amendments made to the claims herewith.

Response to the Section 112 Rejection of claims 42 – 45:

5 Please note that claim 42 has been amended to include the language of allowable claim 25 to clarify which report was intended in that claim. As all the claims 42 – 45 now depend from the allowable main claim 21, and the amendatory language is from allowable claim 25, these claims should also be allowable.

Response to the Rejections under Section 103:

10 Claims 1 – 13, 16, 17, 20, 32 – 37, 39 – 41 and 126 were rejected as obvious variations of a combination of the teachings of Fantasy Stock Market (herein FSM) and the Jennings patent 6, 606,615. In addition, claims 14 and 15 were rejected over FSM + Jennings, plus Black US Patent 6,012,042. Claims 18, 19 and 38 were rejected over FSM + Jennings, additionally plus Agrawal, US Patent 6,370,526.

15 **Applicants wish the record to be clear that their moving forward with the issuance of the allowable claims in this case is not an admission that these rejections are sound, and that there is no forfeiture or abandonment of claims of the scope of the rejected claims.**

20 Jennings and FSM, while both are directed to games or contests, are incompatible. Indeed, the section cited by the Examiner out of Jennings, Col 1, lines 1 – 64, clearly explains why the data produced by virtual portfolio contests such as FSM is not useful for “truly identifying the best forecasters” in its forecasting contest using pre-designated variables. Thus, one of ordinary skill in the art would not combine the references, or if they did, they would have a contest. Applicants are not claiming a contest or game; the result of Applicants’ process is to identify the best investors, and have them create financial products offered to third parties (other investors).

25 After identifying FSM in Col 1, line 32 as an “inadequate” (Col 1, line 33) system, Jennings tells one of ordinary skill in the art that there is nothing to be learned by looking at FSM for picking forecasters. Rather, you have to use “pre-designated variables” (Col 6, lines 65 through Col 7, line 35).

30 The Final Rejection, by ignoring the different directions that FSM and Jennings are going points out that the Office is still using Applicant’s Specification to supply the motivation to combine the references, which is improper under the law. The fundamental principle, as

articulated by the Court of Appeals for the Federal Circuit in *In re Gordon*, 221 USPQ 1125 (Fed. Cir. 1984), is that the prior art must suggest the combination of references. In *Gordon*, the Court rejected the idea that the prior art devices could be modified to produce the claimed device as a proper basis for an obviousness rejection, holding the combination is not proper unless the prior art suggests the desirability of such a modification. In *SmithKline Diagnostics, Inc. v. Helena Laboratories Corp.*, 8 USPQ2d 1468 (Fed. Cir. 1988), the Court held that to pick and chose elements from references to recreate the invention is not proper. And in *Northern Telecom, Inc. v. Datapoint Corp.*, 15 USPQ2d 1531 (Fed. Cir. 1990), **cert. denied**, 498 U.S. 920 (1990), the Court held that “[i]t is insufficient that the prior art disclosed the components of the patented device, either separately or used in other combinations; there must be some teaching, suggestion, or incentive to make the combination made by the inventor.” (Emphasis added).

These governing principles were applied by the Court in holding in error the obviousness rejections in *In re Bond*, 15 USPQ2d 1566 (Fed. Cir. 1990) and *In re Mills*, 16 USPQ2d 1430 (Fed. Cir. 1990). *In re Mills* specifically held that although the prior art device could be modified to run the way the applicant’s device was claimed to run, “there must be a suggestion or motivation in the reference to do so.” 16 USPQ2d 1430. Since there was none, the rejection was in error and was reversed. More recently, in *Sensonics, Inc. v. Aerisonic Corp.*, 38 USPQ2d 1551 (Fed. Cir. 1996), the Court reiterated this principle, holding there was no teaching or suggestion in the prior art that would have led a person skilled in the art to select the specific mechanical and electrical structures and concepts and combine them in the manner of the invention of that case.

As a further principle, both the Courts and the Board of Appeal have long held that the suggestion for the combination in the references cannot come from the Applicant’s Specification, see, for example, *Ex parte Brack*, 134 USPQ 445 (POBA 1961). The reason is simple: Applicant’s Specification is not prior art. **Applicant’s specification cannot be used as a parts-list to search for disparate parts in the art, and then used as a blueprint to assemble the selected parts.** The sources for the motive to select the parts and to reassemble them to obtain the desired result must come from the references.

The Final Rejection did not refute or even address these principles of law. Indeed, all it did was to take a tertiary reference, Jennings, not earlier used in the rejection of claim 1, and

elevate it to a secondary one, and find a new reference, FSM, that Jennings says is not relevant, to replace the Gardinier publication, which was not in fact a reference.

Recall that **Jennings** is especially non-productive and misleading. It recites that readers are to rate the links posted, by a point system, accorded, in the readers' opinion, on what they read (or, possibly, what they understood; but which is not known or explained in Jennings). We are familiar with this **qualitative** approach. You read an article on MSN and then rate it as to how "important" or "relevant" or "informative" it seems to you at the moment. Thus, someone might rate yet another story about Paris Hilton as really "Like, Wow, Significant to me, as I am into celebrity stupidity, so I will rate it 5". Nice, but what's the PTO's point? There is no metric against the market. There is no Best Investor ranking, selection, or creation of new investment products.

Indeed, giving the best spin on Jennings as can be, Jennings is equivalent to a sports-caster, a sports announcer, who comments on the game on the field. This sportscaster is asked before the game in the pre-game show to predict the final score. It is not clear what are all the factors he is considering, including his gut instinct or wishful thinking. He is a an observer/announcer, but not a player of the game. **You would not use his "forecasts of game scores" to make your draft picks for new players for future teams; his "data", such as it is, is not useful, or indeed, even relevant.**

In contrast, the instant invention of claim 1, standing alone, and the claims dependent therefrom, is a metric-based evaluation and screening system for identifying a highly relevant bundle of financial skills for an express purpose. Jennings does not teach to identify the best investors, and then have them build investment products and manage funds.

The problem with the FSM-type virtual portfolio contest or system is that it does not generate data that is useful for identifying skilled investors over a long term (also noted by Jennings), which skilled investors can then be put to managing real portfolios, and ultimately to selecting financial instruments as investment products.

Likewise, FSM's "data" is unusable for identifying the best investors for a number of reasons. FSM states that it starts a new game at the beginning of each month, and that all accounts are reset at the start of each game. This means that the track records of the game players are at best, only 1-month old. That is not long enough to provide meaningful data on measurement of investor skill. Such short "contests" reward contestants who make aggressive, even

arbitrary trades without concern for the consequences. Certainly not trades that they would do with real money, or from which to create an investment product or fund.

In FSM, the contestant can throw darts at the stock listing page, and gamble. They occasionally might make a big hit, and win that month's prize. But FSM teaches to dump the 5 records from one contest before starting the next at the end of each month, so no one can see a long terms skill-based metric in such a system. Applicants' claimed method is not a game.

So the rejections rely on Jennings as teaching to modify FSM, even though Jennings says in Co1, lines 1 – 64 that FSM-type games are not useful for selecting "forecasters", and ignoring 10 that they are both contests or games. Keeping in mind that market forecasters are not necessarily good fund managers or best investors, and you may not be able to make a viable investment product based on their forecasts, Jennings teaches a method of measuring and ranking people for their ability to make accurate forecasts, and then aggregate their forecasts into an "optimal" forecast. But which stocks to pick? How to manage day to day to achieve a high NAV at the end of the quarter or year? Jennings does not help.

15 Thus, at best, if FSM and Jennings were combined, you would use a short term game or contest format in an Internet based site for finding the optimal financial forecaster. But the problem is, optimal for whom, a risk averse investor or an aggressive investor? People with 20 different financial situations and risk tolerance can look at the same data about a group of financial forecasters and come to different conclusions about which would be the best financial advisor.

In addition, the forecaster who came closest to predicting the market turn in a month 25 would be the optimal for them, even if in the claimed system that person lost money (market went down but they accurately pegged that) as compared to the best investor under the claimed system who, based on the NAV metric, actually made more money than anyone else in the large universe, over the long time being evaluated.

Black is merely a data conversion process for generating a "unified format" for processing by an "analysis processing engine". In short Black says don't create a universe of best investors, we do it by number-crunching with computers. Black does not cure the defects of FSM and Jennings taken alone or in combination.

30 **Agrawal** describes an iterative user preference model for ranking a group of objects. That behind the scenes, invisible-to-the-user system does not cure the defects of Jennings and FSM.

5 The Office Action repeats throughout its hindsight conclusion that it would be obvious to one of ordinary skill in this art because the motivation to modify the reference exists, essentially because Jennings mentions FSM in Col 1, line 32. But that ignores the long dissertation in Jennings that he rejects the FSM method and provides a system of “pre-designated variables” rather than the “short-term or single-event thinking” of FSM.

10 The problem with that thinking is that FSM + Jennings, + Black or + Agrawal do not suggest to modify the references in any particular way, much less the way Applicants are alleged to have done (they did not modify the cited art; the invention was independent), to produce any improved result, much less Applicants’ result. That is, the references can not say how to improve Applicants’ result because they do not even conceive the result. Indeed, they are very clear in saying ONLY, “Do it my way”, not any other way. The cited references do not teach one of ordinary skill in the art what is predictable. An improved result is not *prima facie* evidence of predictability. The approach of the Office in the instant rejections is not in accord with the Supreme Court’s decision in *KSR Int’l v Teleflex, Inc.*

15 Under the Office Action approach, apparently we are to conclude that achieving a poor result would be non-obvious, as a poor result would not be self-suggestive. Under the claimed metric, the good result of an accurate Jennings forecaster that the market tanked, is in fact a poor result where the forecaster’s NAV is poor.

20 The Office does not understand the Courts when they talk about motivation. The motivation is not the end result, it is what drives one of ordinary skill in the art to select a particular isolated teaching out of the prior art ABSENT A VIEW OF THE APPLICANT’S SPECIFICATION, modify it in A UNIQUE AND PARTICULAR WAY, and combine it in A UNIQUE AND PARTICULAR WAY with specific teachings of other references to arrive at the claimed invention. That is not what the Office Action does. The Examiner merely repeats by 25 note that modifying the reference “allows for” an improved result. The Examiner would not know that, but for the invention and the text of the Application, which of course is not the blueprint for creating a rejection.

Indeed, by *reducto ad absurdum*, everything deemed an advance in the art is therefore 30 obvious. That is not the law; indeed, that can’t be the law as that puts the PTO out of business and vitiates Article 1, Clause 8 of the US Constitution. We think the point is made; the rejections are unsound and should be withdrawn. None of the cited references, taken alone or in combination truly teach or suggest the inventive method, and they clearly don’t provide the required

motive to combine them. Indeed, there is over 200 pages of terse, dense, largely unreadable patentese in the references directed to entirely different systems. Worst still, even if combined, the gaggle of references do not result in identifying Best Investors, nor selecting them to create new investment products.

5 Finally, the Examiner is respectfully requested to follow the mandate of the Commissioner set forth in the MPEP 2106 Examination Guidelines, which state:

“Office personnel should indicate how rejections may be overcome and how problems may be resolved. A failure to follow this approach can lead to unnecessary delays in the prosecution of the application.”

10 Further, the Examination Guidelines repeatedly point out that:

*“... every limitation in the claim must be considered. Office personnel may not dissect a claimed invention into discrete elements and then evaluate the elements in isolation. Instead, the claim as a whole must be considered. See, e.g., *Diamond v Diehr*, 450 US at 188 – 89, 209 USPQ at 9 (quoting from the case).*

15 Thus, Applicants here would be delighted to open a line of discussion with the Examiner to craft claims that, to the extent needed, more clearly define over the references cited. To that end, the Office is requested to withdraw the Final Rejection, allow the present set of claims as amended, and permit applicant a set of claims of the scope of claims 1 – 20, 32 – 46 and 126 as presented on Dec 3, 2007.

20 **CONCLUSION**

Applicant respectfully requests withdrawal of the rejections and allowance of Claims 2 – 4, 6 – 19, 21 – 34, 36 – 52, 55 – 69, 71 – 77, 79 – 81, 83 – 85, 87 - 91 and 126 as clearly patentable over the art of record.

25 Respectfully submitted,
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by 

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End of Part 3, Remarks

End of Response to Final Rejection Dated May 7, 2008